

**State of California
Energy Resources Conservation
and Development Commission**

Implementation of Restructuring)
Legislation (Chapter 854, Statutes)
of 1996, AB 1890): Renewables)

Docket No.
96-REN-1890

Comments of
Laidlaw Gas Recovery Systems, Inc.
on the Staff Draft Policy Report on
AB1890 Renewables Funding

While the Staff Draft Report does a commendable job of attempting to allocate finite resources to meet an apparently infinite demand for support, the following comments are respectfully submitted:

Existing Renewables

We welcome and endorse the staff's inclusion of landfill gas as a qualifying fuel. However, we do not agree with the staff's proposal for allocating funds to specific technologies - Biomass, Wind, Solar and Other - with the potential for different levels of support for each of these technologies. From the comments made at the Committee Hearing on January 16, it was apparent that this "divide the baby" approach was not acceptable at the level of funding proposed.

For Existing Renewables, our approach is very simple. We would like to see a level playing field, where all available funds be distributed quarterly on the basis of qualifying kilowatt hours produced. (Distribution Mechanism #1 on page 21 of Staff Draft Report). This method has the advantage of being fair and simple, while best preparing renewable resources for a competitive environment. If a renewable technology can not survive in a competitive situation with other renewables over a four year period, how can it survive in a truly competitive market with other fuel sources?

We also support the target generation price concept described on page 21 of the Staff Draft report, but again emphasize that such targets should be consistent from one technology to another. All technologies will eventually be competing one with the other, and it is simply unfair and unrealistic to prepare for open competition with different levels of price support, and different target prices.

New Renewables

We would also comment on the set aside for New (repower) within the New Renewables funding group. This funding is aimed directly at the wind industry, and in line with our comments on the requirements for competitive industries, we suggest that this amount be included in the New Renewables category and subject to open competition.

General Comment

We endorse the concept of Open Competition for funding under AB1890, as stated in Figure ES-1 to the Staff Draft Report. We would, however, like to see more detail on the staff's specific proposals, prior to making further comments.